

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

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SUBJECT: Approval of Minutes October 11, 2001

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: November 8, 2001

INFORMATION: \_\_\_\_\_

PRESENTER(S): Chairperson

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Please see the attached minutes of the October 11, 2001, meeting of the Teachers' Retirement Board.

PROPOSED  
MINUTES OF THE  
TEACHERS' RETIREMENT BOARD  
OPEN SESSION  
THURSDAY, OCTOBER 11, 2001  
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
BOARD ROOM  
7667 FOLSOM BOULEVARD  
SACRAMENTO, CALIFORNIA 95826

**BOARD MEMBERS PRESENT**

Gary Lynes, Chairperson  
George Fenimore  
Marty Mathiesen  
Karen Russell  
Jay Schenirer  
Carolyn Widener  
Annette Porini, representing the Director of Finance, B. Timothy Gage  
Louis Willhoit, representing the State Controller, Kathleen Connell  
Curt Robinson, representing the Superintendent of Public Instruction, Delaine Eastin  
Jennifer DuCray-Morrill, representing the State Treasurer, Philip Angelides

**OTHER BOARD MEMBERS PRESENT**

Christine Solich, representative for the State Treasurer, Philip Angelides

**STAFF PRESENT**

James D. Mosman, Chief Executive Officer  
Christopher Ailman, Chief Investment Officer  
Christopher Waddell, Chief Counsel  
Elleen Okada, Director, Investment Administration and External Relations  
Peggy Plett, DCEO, Administration  
Michael Carter, DCEO, Client Benefits and Services  
Laurence Martin, DCEO, Information and Financial Systems  
Ed Derman, DCEO, External Affairs and Program Development  
Ken Costa, START Project Director  
Mary Miles, Administrative Assistant

**OTHERS PRESENT**

Pat Geyer, CRTA	Beverly Carlson, CTA
Ellen Logue, CTA-R	Edna White, CRTA
Loretta Toggenburger, UTLA-R	Zoe Ann Murray, CRTA
Michael Green, CTA	Dorothy Moser, CTA/NEA-R
Ann McWherter, DPA	

A quorum being present, Chairperson Lynes called the meeting to order at 11:15 a.m.

II. **APPROVAL OF MINUTES OF SEPTEMBER 6, 2001**

MOTION duly made by Mr. Fenimore, seconded by Ms. Porini, and carried to approve the minutes of the September 6, 2001.

III. **APPROVAL OF MINUTES OF MAY 3, 2001**

MOTION duly made by Ms. Porini, seconded by Mr. Fenimore and carried to approve the amended minutes of the May 3, 2001.

IV. **ANNOUNCEMENTS**

There were no announcements.

V. **COMMITTEE REPORTS**

INVESTMENT COMMITTEE: Mr. Lynes, Chairperson of the Investment Committee, reported that the Committee reviewed the Asset Allocation – Review of Optimizations and selected Portfolio Nine and Run 4 for the Committee’s Policy and asked staff to come back next month with a management and implementation plan. The Committee adopted a policy to maintain a two percent presence on California related investments and directed staff to develop the guidelines to carry out the policy. The Committee heard a report on Urban Housing, and approved the Semi-annual Performance Reports in each of the asset category. The Committee also received Activity Status Reports on Credit Enhancement, Real Estate, Alternative Investments, and reviewed the Quarterly Litigation Report and the Report of the Chief Investment Officer.

BY CONSENSUS, the report of the Investment Committee was accepted.

EXECUTIVE COMPENSATION COMMITTEE: Mr. Fenimore, Chairperson of the Executive Compensation Committee, reported that the Committee reviewed the exempt pay structure and approved a Compensation Study for all exempt positions to be conducted by Watson Wyatt.

BY CONSENSUS, the report of the Executive Compensation Committee was accepted.

BUDGETS AND AUDITS COMMITTEE: Mr. Fenimore, Chairperson of the Budgets and Audits Committee, reported the Committee reviewed the 2000/01 final budget report and the 2001/2002 Budget Status and approved that staff to go forward with a deficiency, redirecting the entire Corporate Imaging BCP which would make the deficiency request approximately \$5,500,000 for 2001/2002. The Committee also reviewed 2002/2003 Proposed Budget with amendments to reduce the imaging project to \$500,000 and remove request for three additional positions for the Program Management Office. The Committee received reports on the Quarterly Audit Status, School District Final Reports and Compliance Final Reports, the School District Audits Follow-up Status Report and the Internal Audits Follow-up Status Report.

BY CONSENSUS, the report of the Budgets and Audits Committee was accepted.

BENEFITS AND SERVICES COMMITTEE: Ms. Russell, Chairperson of the Benefits and Services Committee, reported that the Committee received a presentation on the

Benefit Program, and reports on the Warrant Stub Message and the Level of Service Standards.

BY CONSENSUS, the report of the Benefits and Services Committee was accepted.

VI. **CHIEF EXECUTIVE OFFICER REPORT**

Mr. Mosman stated next month staff would be providing the Board with information on the outstanding issues associated with the START system. Mr. Mosman distributed a proposed Board Meeting calendar for 2002, which will be included in the November Board agenda, and stated that Board elections will also take place in November.

VII. **UPDATE ON LEGISLATION**

STATE: Mr. Derman provided an update on current legislation.

FEDERAL: Mr. Derman reported that staff is waiting to see if the next installment of the Elk Hills funds will be included in the federal budget and that activities on the Social Security Commission have been put off at least until next spring.

VIII. **TRAVEL**

MOTION duly made by Mr. Robinson, seconded by Mr. Fenimore, and carried to approve the staff travel as requested. Mr. Willhoit voted no.

MOTION duly made by Ms. Porini, seconded by Mr. Fenimore, and carried to approve the travel summaries as presented. Ms. DuCray-Morrill voted no.

IX. **CALSTRS STRATEGIC PLAN**

Mr. Mosman and Ms. Plett presented the System's Strategic Plan.

X. **MEDICARE PART A UPDATE**

Mr. Derman provided an update on the Medicare Part A program and stated there are 4,700 participants in the program.

XI. **QUARTERLY LITIGATION REPORT**

Mr. Waddell reported that an appeal had been filed on the Grantham and Donner v. Board of Administration of CalSTRS case and a November 13 date for oral arguments has been scheduled for the case of Emogene Doyel v. CalSTRS. Mr. Waddell also stated that a decision has not been made by the CalPERS Board whether to pursue an appeal on the case of Connell v. CalPERS.

XII. **DRAFT AGENDA FOR THE NOVEMBER REGULAR MEETING**

Ms. Russell asked if changes needed to be made to be in compliance with the new federal tax law for TSA programs. Mr. Derman stated that staff is working with LA County to see what changes if anything we can make to the hold harmless agreement issue. Staff will provide a status of the 403(b) Program in December.

XIII. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

There were no statements made.

XIV. **MOVED TO CLOSED SESSION**

Chairperson Lynes moved into closed session at 12 noon.

XV. **ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 12 p.m.

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James D. Mosman, Chief Executive Officer  
and Secretary to the Teachers' Retirement Board

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Gary Lynes, Chairperson